GOVERNMENT OF INDIA
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:297
ANSWERED ON:11.08.2000
MODERNISATION OF STORAGE FACILITIES
PRABHAT KUMAR SAMANTARAY

Will the Minister of CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the foodgrains storage facilities are proposed to be modernised and expanded based on the pattern of Canadian silos;

(b) if so, the details of the proposal of the Government in this regard; and

(c) the steps taken so far in the matter?

Answer

THE MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHANTA KUMAR)

(a),(b) & (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b) & (c) OF THE STARRED QUESTION NO. 297 FOR ANSWER IN LOK SABHA ON 11-8-2000.

(a),(b) & (c): As per the national policy on handling, storage, and transportation of foodgrains recently announced by the Government, integrated bulk handling, storage and transportation facilities for foodgrains is to be introduced through private sector participation. No firm decision on any particular technology in this regard has been taken. In the proposed pattern, the developer-cum-operator, to be selected through a process of competitive bidding, will submit the technical specifications which will be evaluated for its suitability in Indian conditions. A copy of the resolution on the policy is given in Annexure-I.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PARTS (a), b) & (c) OF STARRED QUESTION NO. 297 FOR ANSWER IN LOK SABHA ON 11-08-2000

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Government of India, Ministry of Consumer Affairs & Public Distribution Department of Public Distribution Krishi Bhavan, New Delh
Dated : July 4, 2000

RESOLUTION

In order to reduce storage and transit losses of foodgrains at farm and commercial level, to modernise the system of handling, storage and transportation of the foodgrains procured by the Food Corporation of India (FCI) and to bring in additionality of resources through private sector involvement, the Government has approved a National Policy on Handling, Storage and Transportation of Foodgrains, details of which are given below:-

1. Objectives of the Policy

The main objectives of the policy are : i. to reduce storage and transit losses at farm level where about 70% of the total foodgrain production is retained and consumed and also to encourage the farmers to adopt scientific storage methods.

ii. to modernise the system of handling, storage and transportation of the foodgrains procured by the Food Corporation of India (FCI).

iii. to harness efforts and resources of public and private sectors, both domestic and foreign, to build and operate infrastructure for introduction of bulk handling, storage and transportation of foodgrains in the country.

2. Policy for house-hold storage

2.1 Since the house-hold sector retains about 70% of the total production and substantial quantities of foodgrains are wasted due to improper storage at farm level, the major focus is on the improvement of storage standards at farm level. Presently, the only scheme targeting this need is the Save Grain Campaign, which popularises the use of metallic and non-metallic storage structures and educates the farmers about the adoption of scientific storage methods. The scheme also aims at development/improvement of non-metallic traditional storage structures.

2.2 In order to have a greater success in this area, following initiatives have been approved:-

(i) introduction of a scheme to encourage use of metal bins as well as non-metallic storage structures at individual farm level and construction of RCC bins at community level with appropriate financial incentives.

(ii) strengthening of the existing research and training components of the Save Grain Campaign Scheme for scientific storage and preservation of foodgrains and their propagation among farmers.

3. Modernisation and Upgradation of Bulk Grain Handling Infrastructure

3.1 In order to reduce storage losses, it is necessary to develop and modernise the infrastructure for integrated bulk handling, storage and transportation in India. The thrust of the policy should be:-

(i) encouragement of mechanical harvesting, cleaning and drying at farm and mandi level.

(ii) transportation of grains from farm to silos by specially designed trucks.

(iii) construction of a chain of silos at procurement as well as distribution points.

(iv) transportation of grain from silos to railhead and thereafter to pre-determined destinations by specially designed trucks/ rail wagons (with top filling and bottom discharge mechanism)/dedicated trains.

(v) declaration of foodgrains storage as infrastructure.

3.2 For storage of foodgrains procured by the FCI, integrated bulk handling facilities with silos of large capacity for wheat along with testing facilities for quality control would be created at about 20 identified central locations in producing and consuming areas as well as a few port towns. These facilities, including the infrastructure for bulk transportation to these centres, will be created and maintained in the private sector under the overall co-ordination of the FCI. The design of special top filling and bottom discharge wagons would be decided in consultation with the Ministry of Railways. The Ministry of Railways will also be consulted while deciding the locations and the circuits where these wagons would ply. FCI will guarantee utilisation of these facilities to the extent of 100% for the first ten years and 75% for the next ten years. From these points, secondary transportation of foodgrains would be made in bag form to about 500 godowns in important central locations in different States to be owned and maintained by the FCI.Further transportation to the consuming centers for retail distribution under the Public Distribution System will be carried out by the State Governments.

3.3 The private sector will be encouraged to build storage capacities in which they will store and maintain foodgrains procured by the Government agencies, for which they will be entitled to storage charges.

3.4 The private sector participation should be sought and encouraged for development of infrastructure for the integrated bulk handling, storage and transportation through -

(i) measures such as Build-Own-Operate-Transfer (BOOT), Build-Own-Lease-Transfer (BOLT), Build-Own-Operate(BOO), Lease Develop-Operate(LDO), Joint Ventures etc.

(ii) generation of funds through public issues by private enterprises

(iii) automatic approval for Foreign Direct Investment (FDI) upto 100%

(iv) loans from financial institutions, NABARD, external commercial borrowings

(v) fiscal incentives as given below:

(a) 100% deduction in profit for the purpose of Income Tax for the first five years and 30% deduction in profit for the next five years.

(b) deduction of 40% of the profits derived by financial institutions financing such projects, as provided to financial corporations engaged, inter-alia, in providing long term finance for agricultural development.

(c) customs duty exemption for items not manufactured in India, on a case-to-case basis, subject to a list of such equipment being submitted in advance.

4. Development of Infrastructure Facilities at Ports

India has been traditionally the importer of foodgrains and, therefore, the infrastructure facilities available at the ports are basically meant for unloading operations and not for exports. For unloading operations, ship gears are normally used. Even the latest mechanised facilities at Jawaharlal Nehru Port, Navi Mumbai have been designed for import purposes only.There is also lack of general cargo berths at the major ports and very limited warehousing facilities are available for the storage of foodgrains at ports. For creating the proper port facilities for foodgrains meant for export in due course, the infrastructure facilities would have to be developed

for which following actions are required:

(i) identification of ports to be developed for purposes of export of foodgrains. The distribution of foodgrains traffic may spread over to the non-traditional ports which have spare capacity like New Mangalore and Cochin ports;

(ii) development of more general cargo berths at the ports through ports` own investment/ private participation;

(iii) water front/berths can be leased to the users who may be encouraged to put up their own facilities; and

(iv) development of dedicated modern foodgrains handling facilities at selected ports.

5. Role of the Central Government

The Central Government would:

(a) facilitate speedy clearance of projects concerning development of infrastructure for bulk handling, transportation and storage of foodgrains by setting up an Approval Board competent to take final decision;

(b) enter into bilateral agreements with other countries/international agencies for providing technical/financial assistance;

(c) take necessary legislative/administrative measures for removing impediments with regard to stock control Orders/movement control Orders framed by various State Governments;

(d) utilize the services of an existing independent regulatory mechanism for fixing/ regulating tariff for various operations, such as cleaning, drying, storage, transportation, etc.;

(e) make available facilities of the Railways for bulk transportation;

(f) promote negotiable Warehouse Receipt System by which farmers could hold their grains back from market and meet their working capital/short term requirement by borrowing from Banks against these receipts; and

(g) promote research for development of alternate storage technologies like Vacuum Process Storage (VPS) technology which would ensure longer shelf life of foodgrains and help export of foodgrains in vacuum packs.

6. Role of the State Government

The State Government would help in:

(a) acquisition of land required for various projects as for public purpose; and

(b) making available other facilities such as water, power, road, etc.